

~~SECRET~~

25X1

ROUTING AND RECORD SHEET

SUBJECT: (Optional)

USTR Brock's Proposal to Amend the Proclamation Suspending
Most Favored Nation (MFN) Treatment for Poland

FROM:

EXTENSION

NO.

Assistant NIO for Economics

DATE

22 March 1983

TO: (Officer designation, room number, and
building)

DATE

RECEIVED

FORWARDED

OFFICER'S
INITIALSCOMMENTS (Number each comment to show from whom
to whom. Draw a line across column after each comment.)

1.

C/NIC

JBYC

2.

3.

DCI

4. DCI. two copy

24 MAR 1983

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NIO/RECON

R

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15.

Parrot to NSC with
DOCI's concurrence.

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~~SECRET~~ [REDACTED]

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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D.C. 20505

National Intelligence Council

NIC #2233-83

22 March 1983

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

THROUGH: Chairman, National Intelligence Council

FROM: [REDACTED]
Assistant NIO for Economics

SUBJECT: USTR Brock's Proposal to Amend the Proclamation
Suspending Most Favored Nation (MFN) Treatment
for Poland

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1. Concerning USTR Brock's proposal to amend the proclamation suspending Most Favored Nation (MFN) treatment for Poland (attached), DDI/EURA has provided the following observations concerning likely Polish and West European reactions.

2. The Poles are unlikely to see the amendment as a positive step toward improving US-Polish relations. Because of the small number of firms affected and the short time frame involved, the Poles would recognize that the major purpose of the change is to help a few US businesses, not the regime. Warsaw will not see the move as the important "first step" they insist the US must make to begin the restoration of favorable relations. In financial terms, the Poles would recoup little if any of the \$40 million annually they calculated they would lose as a result of the suspension of MFN.

3. Since West European governments did not follow the US lead in suspending MFN treatment for Polish products, a decision to amend Proclamation 4991 will have no direct impact on West European-Polish relations. West Europeans continue to maintain that the suspension of MFN status is strictly a bilateral issue between Washington and Warsaw that does not presume a broader application within the Alliance.

4. Enactment of the recommendation, however, could pose problems for future West European-US relations. West European governments could point to such action as US acceptance of the "sanctity of contracts" concept that was so vigorously maintained by the Allies last year when US sanctions were imposed against Siberian pipeline equipment. The European Community in particular could view this as ammunition to argue that a "contract

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sanctity" clause should be included when the Export Administration Act is renewed. On the other hand, if the US specifies that this act does not change its traditional policy, West Europeans probably would contend cynically that the US now is bowing to the kind of business pressure their governments were expected to resist during the pipeline dispute.

5. The above analysis covers all of the key points, particularly the likely attitudes of the West Europeans.

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Attachment:
As stated

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NIC #2233-83
22 March 1983

SUBJECT: USTR Brock's Proposal to Amend the Proclamation
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for Poland

DCI/NIC/A/NIO/ECON:

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Dist:

- Orig - DCI
- 1 - DDCI
- 1 - ExDir
- 1 - DCI/SA/IA
- 1 - ER
- 1 - DDI Registry
- 1 - DDI
- 1 - D/EURA
- 1 - C/NIC
- 1 - VC/NIC
- 2 - NIO/Econ

1 - [illegible]

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THE WHITE HOUSE
WASHINGTON

CONFIDENTIAL

ATTACHMENT ONLY)

CABINET AFFAIRS STAFFING MEMORANDUM

DATE: March 21, 1983 NUMBER: 073191CA DUE BY: 12 noon Wednesday
March 23

SUBJECT: Amendment of Proclamation Suspending Most Favored Nation (MFN)
Treatment for Poland to Reduce Harm to U.S. Firms

	ACTION	FYI		ACTION	FYI
ALL CABINET MEMBERS	<input type="checkbox"/>	<input type="checkbox"/>	Baker	<input type="checkbox"/>	<input type="checkbox"/>
Vice President	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Deaver	<input type="checkbox"/>	<input type="checkbox"/>
State	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Clark	<input type="checkbox"/>	<input type="checkbox"/>
Treasury	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Darman (For WH Staffing)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Defense	<input type="checkbox"/>	<input type="checkbox"/>	Harper	<input type="checkbox"/>	<input type="checkbox"/>
Attorney General	<input type="checkbox"/>	<input type="checkbox"/>	Jenkins	<input type="checkbox"/>	<input type="checkbox"/>
Interior	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Agriculture	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Commerce	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Labor	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
HHS	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
HUD	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Transportation	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Energy	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Education	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Counsellor	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
OMB	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
CIA	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
UN	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
USTR	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
CEA	<input type="checkbox"/>	<input type="checkbox"/>	CCCT/Gunn	<input type="checkbox"/>	<input type="checkbox"/>
CEQ	<input type="checkbox"/>	<input type="checkbox"/>	CCEA/Porter	<input type="checkbox"/>	<input type="checkbox"/>
OSTP	<input type="checkbox"/>	<input type="checkbox"/>	CCFA/Boggs	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	CCHR/Carleson	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	CCLP/Uhlmann	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	CCMA/Bledsoe	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	CCNRE/Boggs	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS: TO: SECRETARY WEINBERGER
ATTN: LT COL Higgins
B. Grim/695-6064

TO: SECRETARY SHULTZ
ATTN: J. Bremer
(632-2540)

Please indicate any views you may have with regard to the attached memorandum.

TO: AMBASSADOR KIRKPATRICK TO: DIR. CASEY
ATTN: Jackie Tilman
(632-8344)

ATTN:

RETURN TO:

☐ Craig L. Fuller
Assistant to the President
for Cabinet Affairs
456-2823

☐ Becky Norton Dunlop
Director, Office of
Cabinet Affairs
456-2800

25X1

THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON
20506

CONFIDENTIAL

March 16, 1983

Executive Registry
83-1603

DDI- 223-55

MEMORANDUM FOR THE PRESIDENT

FROM: WILLIAM E. BROCK *[Signature]*

SUBJECT: Amendment of Proclamation Suspending Most Favored Nation (MFN) Treatment for Poland to Reduce Harm to U.S. Firms

On October 27, 1982, you suspended in Proclamation 4991 most-favored nation (MFN) treatment for products of Poland. In accordance with the requirements of Section 125 of the Trade Act of 1974, my office held on December 8, 1983, a public hearing on the impact of the suspension. In connection with the public hearing a small number of U.S. firms requested a limited exemption for imports that they contracted for before the decision to suspend MFN was announced. These firms will suffer large losses because they, rather than the Polish exporter, must pay the increased duty and could incur even larger losses if they do not fulfill their contracts.

In light of the information developed at the hearing, I recommend with the advice and concurrence of the Trade Policy Committee agencies that Proclamation 4991 be modified to exempt articles exported prior to June 30, 1983, when those articles are exported pursuant to a binding contract entered into before you announced your decision to terminate MFN. In our judgment such a technical amendment to the proclamation will not be viewed as a softening of our opposition to the Polish martial law regime and its treatment of Solidarity. The proposed amendment would permit a small number of U.S. firms to import at the old rate of duty goods which they are already obligated to import. It would therefore reduce the adverse effects on these U.S. companies of the higher duties without benefiting Poland in any way. This technical amendment would help U.S. firms without impinging on the intent of Proclamation 4991 to punish Poland.

If you agree with this recommendation, we will prepare for your signature a proclamation amending Proclamation 4991.

Agree _____

Disagree _____



CLASSIFIED BY *[Signature]*

DECLASSIFIED ON *11/1/85*

EXECUTIVE SECRETARIAT**Routing Slip**

TO:		ACTION	INFO	DATE	INITIAL
1	DCI		X		
2	DDCI		X		
3	EXDIR				
4	D/ICS				
5	DDI		X		
6	DDA				
7	DDO				
8	DDS&T				
9	Chm/NIC				
10	GC				
11	IG				
12	Compt				
13	D/EE0				
14	D/Pers				
15	D/OEA				
16	C/PAD/OEA				
17	SA/IA				
18	AO/DCI				
19	C/IPD/OIS				
20	NIO/Econ	X			
21	NIO/USSE-EE		X		
22					
		SUSPENSE <u>1000 23 Mar</u> <small>Date</small>			

Remarks:

Comments to DCI please ASAP but
NLT 1000 23 Mar.

Executive Secretary

22 March 83Date

THE WHITE HOUSE
WASHINGTON

CONFIDENTIAL

(ATTACHMENT ONLY)

CABINET AFFAIRS STAFFING MEMORANDUM

DATE: March 21, 1983 NUMBER: 073191CA DUE BY: 12 noon Wednesday
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USTR	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
CEA	<input type="checkbox"/>	<input type="checkbox"/>	CCCT/Gunn	<input type="checkbox"/>	<input type="checkbox"/>
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OSTP	<input type="checkbox"/>	<input type="checkbox"/>	CCFA/Boggs	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	OCHR/Carlson	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	OCLP/Uhlmann	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	CCMA/Bledsoe	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	CCNRE/Boggs	<input type="checkbox"/>	<input type="checkbox"/>

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March 16, 1983

83-1603

DDI-2223-85

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DECLASSIFIED ON